

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
DECEMBER 20, 2006

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chairman
Caldwell, Gene, M.D., Vice Chair
Atchley, Bryan
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Jones, Clark
Lammert, Gregory
Morris, John, designee for the Commissioner of Commerce and Insurance
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant II
Brogden, Reid, General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Wells, Phil, Health Planner III

GUESTS PRESENT

Archer, Dave, CEO, St. Francis Hospital
Baker, E. Graham, Jr., Esq., Weeks, Anderson, & Baker
Bangle, Phillip, Dean, Quillen College
Batchelor, Patrice, VP Marketing & Communications, Memorial Health Care System, Inc.
Baytos, David, Administrator, Methodist Healthcare
Beam, Jason, DOO, Middle Tennessee Ambulatory Surgery Center
Belz, Ron, President/COO, Belz Enterprises
Benton, Tony, Assistant Vice President, Strategic Planning, Mountain States Health Alliance
Bland, Kristen, Methodist Healthcare System
Blaylock, Dwayne, Tullahoma HMA
Bodie, Edwin, CFO, St. Francis Hospital
Boop, Frederick, M.D., LeBonheur Children's Medical Center
Bradford, John, Esq., Waller, Lansden, Dortch & Davis
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Brinkley, Ruth W., President/CEO, Memorial Health Care System, Inc.
Brown, Dere, NHC
Brown, Diona, Vice President, Regional Heart Center, Memorial Health Care System, Inc.
Brown, Laura Beth, Vanderbilt University Hospital
Brown, Leo, Vice Chair, Board of Directors, Memorial Health Care System, Inc.
Bryant, Diane, Harton Regional Medical Center
Burnette, Becky, CEO, Center for Sports Medicine & Orthopedics, Physician Group Support
Cormack, Daniel, Commercial Appeal
Corritore, Danell, Department of Health
Culp, Joe, Department of Health
Currin, Samuel, MD, Chattanooga Urology Association Chief of Staff, Memorial Health Care System, Inc.
Curtis, Sandra, Director Strategic Planning, Memorial Health Care System, Inc.
Day, Edwin, Consultant
Dempsey, Percy, Mid-State Neurology
Derweesh, Ishtar, M.D., Chairman, Department of Urology, UT School of Medicine

Duckett, Greg, Sr. Vice President, Baptist Memorial Healthcare
 Dugan, Philip, M.D., Cleveland Regional Cancer Center
 Duncan, Bruce, NHC
 Dunkelberger, Brian, MD, Med Ctr OB/GYN, Mountain States Health Alliance
 Elrod, Dan H., Esq., Miller & Martin
 Fellows, S. Gale, MD, Chief Medical Officer, Memorial Health Care System, Inc.
 Fenaughty, Franc, MD, Medical Director, Methodist Healthcare
 Finefield, Michael F., Architect, Tro Jung/Branned
 Fierson, Joan, Chair, Board of Directors, Memorial Health Care System, Inc.
 Foulke, Mark, Vice President, Sumner Regional Health Systems
 Freemon, David, MD, Johnson City Internal Medicine, Mountain States Health Alliance
 Frye, Jeanne, SMRC
 Gaylon, James T., M.D., St. Francis Hospital
 Goldsworthy, Sharon, Mayor, City of Germantown
 Gooch, Warren, Esq., Kramer, Rayson
 Grace, Frank, Jr., Esq., Waller, Lansden, Dortch & Davis
 Greene, Rick, Lattimore & Black
 Haaga, Sue Ellen, VP, St. Francis Hospital
 Hargett, Tre, Vice President, Rural/Metro, City of Memphis
 Haynes, Becky, Mid-State Neurology
 Hayslett, Terry, Business Development Coordinator, St. Francis Hospital
 Hill, Ronald, Vanderbilt University Medical Center
 Holland, Sarita, Quality Care Healthcare
 Holshouser, Sandra, RVP Operations, Middle Tennessee Ambulatory Surgery Center
 Hooper, Halden Wayne, M.D., Sumner Hospice
 Houchin, Barbara, St. Thomas Health System
 Hudgens, Craig, MD, Chattanooga Memorial
 Huff, Dixie Taylor, CEO, Quality Health Care Center
 Huggins, Mike, THA
 Hukeem, Robi, Medical Physicist, Athens Regional Cancer Center
 Jacobs, Lanell, CHI Memorial
 Jackson, Jackie, Memorial Healthcare Systems
 James, George, Mayor of Washington County
 Johnson, Cato, Methodist Healthcare System
 Leonard, Janet, SMRC
 Lien, George, MD, Mid-State Neurology
 Littlefield, Ron, Mayor, City of Chattanooga
 Livingston, Heather, Director of Perioperative Surgery Services, Regional Medical Center (The Med)
 Lodge, Richard, Esq., Bass, Berry & Sims
 Looney, Kim, Esq., Waller, Lansden, Dortch & Davis
 Love, Lesli, Waller, Lansden, Dortch & Davis
 Lucchesi, Jane, Strategic Planning Project Manager, Memorial Health Care System, Inc.
 Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care
 Marshall, Tom, Chairman, Memphis City Council
 Marston, J. Ed, Vice President Communications, Chattanooga Area Chamber of Commerce
 Maxey, Gary, Alive Hospice
 McDearman, J. Scott, Esq., Grant, Konvalinka & Harrison, P.C.
 McGill, Andrew, VP, Bus. Dev., Memorial Health Care System, Inc.
 McKay, Martin, Erlanger Health System
 McLean, Chris, CFO, LeBonheur Children's Medical Center
 McNeely, Mark
 Miller, Mark Page, MD, Methodist Healthcare
 Moore, Deb, Sr. VP/COO, Memorial Health Care System, Inc.
 Moore, Elliott, Mountain State Health Alliance
 Myers, Jeff, M.D., LeBonheur Children's Medical Center
 Myers, Lee, Methodist Healthcare System
 Newton, Carol, Sr. VP/CFO, Memorial Health Care System, Inc.
 Norvell, Vickie, SRHS
 Owen, William F., Jr., Chancellor, UT Memphis
 Penny, Linda, Comptroller's Office
 Raley, Sister Judy, Sr. VP of Missions, Memorial Health Care System, Inc.
 Robinson, Marilyn, VP, St. Francis Hospital
 Roddy, Howard, VP, Healthy Community Initiatives, Memorial Health Care System, Inc.
 Rosenbaum, Dave, Methodist Healthcare System
 Russi, Courtenay

Salton, Kirby M., CEO, Salton Companies
Shipley, Dianna L., M.D., Sumner Regional Hospital
Shorb, Gary, CEO, Methodist Healthcare
Silver, Robert, COO, LeBonheur Children's Medical Center
Sloan, Karen, Media & Public Rel Coordinator, Memorial Health Care System, Inc.
Stanton, Paul
Stephenson, Kate, Esq., Trauger & Tuke
Sullivan, Daniel, President, Sullivan Consulting Group
Taylor, Bryan, Methodist Healthcare System
Taylor, Jerry W., Esq., Farris, Mathews, Branam, Bobango, Hellen & Dunlap, PLC
Tepedino, Michael, M.D., Harton Regional Medical Center
Thompson, Ann R., R.N., Director of Board for Licensing Health Care Facilities
Throneberry, Garen, Harton Regional Medical Center
Trauger, Byron, Esq., Trauger & Tuke
Utkov, Jennilyn, Methodist Healthcare System
Vasa, Robin, Director, Facilities & Real Estate, Memorial Health Care System, Inc.
Virostek, Lisa, M.D., Cleveland Regional Cancer Center
Vonderfecht, Dennis, President/CEO, Mountain States Health Alliance
Walker, William, MD, CVT Surgery, Mountain States Health Alliance
Weidenhoffer, Carol, Director of Planning, LeBonheur Children's Medical Center
Welch, Ted, Office Administrator, Athens Regional Cancer Center
Wellborn, John, Development Support Group
Williams, Roby S., President, The Black Business Association of Memphis
Wilson, Tom Edd, Pres/CEO, Chattanooga Area Chamber of Commerce
Wood, Karla, Sumner Regional Health Systems

Chairman Koella called the meeting to order at 8:30 a.m. in Room 12 of the Legislative Plaza, Nashville, Tennessee.

CHAIR'S ANNOUNCEMENTS

Mr. Koella stated that the December 2007 meeting will be the second Wednesday of the month.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, announced that representatives of the Department of Health and THCA would provide a brief in-service on nursing home survey requirements and the scope and severity grid for nursing home deficiencies in February. The Audit Committee is scheduled to meet at the conclusion of the February meeting.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Ms. Troy and Dr. Handorf recused.

LeBonheur Children's Medical Center - (Memphis, Shelby County) - Project No. CN0609-076

1) The replacement of the existing hospital located at 50 North Dunlap, Memphis, Tennessee 38103 with a new acute care pediatric hospital on property adjacent to the existing facility and renovation in the former hospital building; 2) the conversion of fifteen (15) pediatric acute care beds to neonatal intensive care unit (NICU) beds; and 3) the acquisition of a new Intraoperative magnetic resonance imaging (MRI) unit. The property for the new construction is located at the corner of Poplar Avenue and North Dunlap Street, and is currently occupied by the Memphis Mental Health Institute. Renovation in the existing facility and new construction of the replacement facility will total 775,500 square feet. This project will not change the healthcare system's 1,551-bed general hospital license, nor initiate or discontinue any health services. Project Cost \$326,956,905.00.

Byron Trauger, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Frederick Boop, M.D.; Jeff Myers, M.D.; Robert Silver, COO; Dave Archer, CEO, St. Francis Hospital; Tom Marshall, Chairman, Memphis City Council; Greg Duckett, Sr. Vice President, Baptist Memorial Healthcare; and Gary Shorb, CEO. Present in support were: Chris McLean, CFO; Carol Weidenhoffer, Director of Planning; and William F. Owen, Jr., Chancellor, UT Memphis

Mr. Jones moved for approval of the project based on: 1) Need – The need has been demonstrated; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care for the state. The Certificate of Need is to expire in five (5) years. Mr. Atchley seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella
NAY: None

Ms. Troy and Dr. Handorf recused.

Methodist LeBonheur Germantown Hospital - (Germantown, Shelby County) - Project No. CN0609-077

1) New construction and renovation of 308,565 square feet of space; 2) the transfer of one hundred (100) acute care beds to Methodist Le Bonheur Germantown Hospital (MLGH) located at 7691 Poplar Avenue, Germantown, TN 38138, including 8 neonatal intensive care (NICU) beds. The 100 beds will be transferred from other Methodist Healthcare-Memphis Hospitals' (MHMH) license, as follows: 52 acute beds from Methodist University Hospital (MUH); 44 acute care beds including 4 NICU beds from Methodist South Hospital, and 4 NICU beds from Methodist North Hospital. The project will not change the applicant's 1,551 bed general hospital license from the Department of Health. All four (4) of the directly affected hospitals are under the Methodist Healthcare-Memphis Hospitals' license and all are within Shelby County. The beds proposed to remain licensed are the same total beds (1,326 excludes 225 licensed beds of LeBonheur Children's Medical Center, which is not affected by this project) that are currently licensed, with the redistributed beds to be 617 at Methodist University Hospital, 157 at Methodist South Hospital, 244 at Methodist North Hospital and 309 at Methodist LeBonheur Germantown Hospital. This project does not contain any major medical equipment or initiate or discontinue any health service; and it will not affect any other licensed bed complements. Project Cost \$124,010,067.00.

Byron Trauger, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Franc Fenaughty, MD, Medical Director; Mark Page Miller, MD; Sharon Goldsworthy, Mayor, City of Germantown; Roby S. Williams, President, The Black Business Association of Memphis; Tre Hargett, Vice President, Rural/Metro, City of Memphis; Kirby M. Salton, CEO, Salton Companies; William F. Owen, Jr., Chancellor, UT Memphis; Ron Belz, President/COO, Belz Enterprises; Gary Shorb, CEO; Chris McLean, CFO; and David Baytos, Administrator, Methodist Healthcare. Present in support were: Carol Weidenhoffer, Director of Planning; Michael F. Fienfield, Architect, Tro Jung/Branned; and Robert Silver, COO, LeBonheur Children's Medical Center.

Opposing the project were: Kim Looney, Esq., representing St. Francis Hospital; Dave Archer, CEO, St. Francis Hospital; Tom Marshall, Chairman, Memphis City Council; and Dr. Ted Gaylon, St. Francis Hospital. Present in opposition were: Sue Ellen Haaga, Vice President, St. Francis Hospital; Marilyn Robinson, Vice President, St. Francis Hospital; Edwin Bode, CFO, St. Francis Hospital; Terry Hayslett, Business Development Coordinator, St. Francis Hospital; and Daniel Sullivan, President, Sullivan Consulting Group.

Mr. Trauger and Mr. Shorb rebutted.

Ms. Looney provided summation for the opposition.

Mr. Trauger provided summation for the applicant.

Mr. Jones moved for approval of the project based on: 1) Need – The need is evident for the project; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. The Certificate of Need is to expire in four (4) years. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella
NAY: None

Athens Regional Cancer Center, PLLC - (Athens, McMinn County) - Project No. CN0609-068

The establishment of an ambulatory surgical treatment center (ASTC) limited to the provision of radiation therapy services, the initiation of radiation therapy services, and the acquisition of a linear accelerator. The center will occupy approximately 4,500 square feet in a newly constructed building. Project Cost \$2,328,850.00.

J. Scott McDearman, Esq., representing the applicant, addressed the Agency. Robbie Hukeem, Medical Physicist spoke on behalf of the project. Present in support were: Dr. Philip Dugan, Cleveland Regional Cancer Center; Dr. Lisa Virostek, Cleveland Regional Cancer Center; and Ted Welch, Office Administrator, Athens Regional Cancer Center.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been demonstrated. It is important to the patients to have these services available as close to home as possible and the number would appear to be there in terms of cancer cases in the community; 2) Economic Feasibility – The project is economically feasible through the real estate lease and commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care and the owners are participants in TennCare. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0].

APPROVED

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Memorial Hospital - (Chattanooga, Hamilton County) - Project No. CN0609-069

An addition to the hospital to replace and expand the surgical suite, including one (1) operating room (OR) equipped with robotic surgical capability, the cardiac catheterization labs and endovascular labs. The addition includes three (3) replacement medical/surgical units and three (3) intensive care units. Thirty-two (32) inpatient acute care beds will be relocated to Memorial Hospital, 2525 de Sales Avenue, Chattanooga, Tennessee, from the satellite hospital, Memorial Park North Hospital, located at 2051 Hamill Road, Hixson, Tennessee. The bed relocation will increase the number of licensed beds at Memorial Hospital from 322 to 354, while decreasing the number of licensed beds at Memorial Park North Hospital from 83 to 51. Major medical equipment will be acquired to open one (1) additional cardiac catheterization lab and one (1) additional endovascular lab. This project includes major medical equipment replacement for three (3) endovascular labs and one (1) magnetic resonance imaging (MRI) unit. Project Cost \$293,334,100.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Ruth W. Brinkley, Pres/CEO; Samuel Currin, MD, Chief of Staff; Hon. Ron Littlefield, Mayor, City of Chattanooga; J. Ed Marston, Vice President Communications, Chattanooga Area Chamber of Commerce; and Deborah Moore, Sr. VP/COO, Memorial Health Care System, Inc. Present in support were: Patrice Batchelor, VP Marketing & Communications, Memorial Health Care System, Inc.; Diona Brown, Vice President, Regional Heart Center, Memorial Health Care System, Inc.; Leo Brown, Vice Chair, Board of Directors, Memorial Health Care System, Inc.; Becky Burnette, CEO, Center for Sports Medicine & Orthopedics, Physicians Group Support; Sandra Curtis, Director Strategic Planning, Memorial Health Care System, Inc.; S. Gale Fellows, MD, Chief Medical Officer, Memorial Health Care System, Inc.; Joan Fierson, Chief, Board of Directors, Memorial Health Care System, Inc.; Jane Lucchesi, Strategic Planning Project Manager, Memorial Health Care System, Inc.; Andrew McGill, VP, Business Development, Memorial Health Care System, Inc.; Carol Newton, Sr. VP/CFO, Memorial Health Care System, Inc.; Sister Judy Raley, Sr. VP of Missions, Memorial Health Care System, Inc.; Howard Roddy, VP, Healthy Community Initiatives, Memorial Health Care System, Inc.; Karen Sloan, Media & Public Relations Coordinator, Memorial Health Care System, Inc.; Tom Edd Wilson, Pres/CEO, Chattanooga Area Chamber of Commerce; and Robin Vasa, Director, Facilities & Real Estate.

Mr. Jones moved for approval of the project based on: 1) Need – The need is shown; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. The Certificate of Need will expire in five (5) years. Ms. Troy seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Quality Health Care Center - (Lebanon, Wilson County) - Project No. CN0609-072

The construction of twenty-four (24) nursing home beds at its existing nursing home. These beds will be constructed to convert existing semi-private rooms into private rooms. Therefore, the construction of the new beds will not increase the bed capacity of the nursing home. There will also be constructed a large activity room, a large sunroom area, another sunroom area which will contain a small kitchen and eating area, and renovation to the existing building. This project is designed to change the nursing home from a medical model to a social model. The proposed service area for the nursing home will not change. No health services will be initiated or discontinued. It is proposed that Medicare, TennCare, commercially insured, and private-pay patients will continue to be served by the nursing home, which will continue to be licensed by the Tennessee Department of Health. *These beds are not subject to the 125 nursing home bed pool. Project Cost \$4,009,000.00.

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E. Graham Baker, Jr., Esq., representing the applicant, addressed the Agency. Dixie Taylor Huff spoke on behalf of the project.

Mr. Lammert moved for approval of the project based on: 1) Need – The project will meet a need in Wilson County; 2) Economic Feasibility – The project is economically feasible with refinancing the existing HUD loan; and 3) The project does contribute to the orderly development of adequate and effective health care by creating a home-like environment for the residents of the facility. Dr. Handorf seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

The Spine Center, PLLC - (Murfreesboro, Rutherford County) - Project No. CN0609-073

The establishment of an ambulatory surgical treatment center (ASTC) consisting of one (1) procedure room limited to providing pain management services to the patients of Mid-State Neurosurgery, P.C. Project Cost \$475,740.75.

Dr. George Linn, addressed the Agency on behalf of the project. Person Dempsey and Becky Haynes spoke in support of the project.

Richard Lodge, Esq., representing Middle Tennessee Ambulatory Surgery Center opposed. Present in opposition were Sandra Holshouser, RVP Operations, Middle Tennessee Ambulatory Surgery Center and Jason Beam, DOO, Middle Tennessee Ambulatory Surgery Center.

Dr. Linn and Mr. Dempsey rebutted.

Mr. Lodge provided summation for the opposition.

Mr. Dempsey provided summation for the applicant.

Dr. Handorf moved for denial of the project based on: 1) Need – The need is established that patients are not receiving the level of care that they should receive, it is unconvincing that this application solves the problem. The anesthesiology group is the same as at the surgery center, it is also clear that the surgery center has the capacity to take care of the patients. So the need is not established; 2) Economic Feasibility – Financing is in place; and 3) The project does not contribute to the orderly development of adequate and effective health care as it would take revenues from an existing organization. Mr. Jones seconded the motion. The motion CARRIED [9-0-1]. **DENIED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Koella
NAY: None
ABSTAINED: Morris

Harton Regional Medical Center - (Tullahoma, Coffee County) - Project No. CN0609-074

The construction of a four (4) story tower containing 59,985 square feet of new space. This tower will include twenty-nine (29) new private patient rooms, staff support areas, new west entry/drop-off area, a two (2) level corridor bridge connector to the hospital, a lower entrance level lobby and hospitality space, a new receiving dock, materials management, support spaces, and mechanical/electrical spaces. The number of licensed beds will not change as a result of this project. Project Cost \$18,875,814.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Michael Tepedino, M.D. and Diane Bryant spoke on behalf of the project. Garen Throneberry and Edwin W. Day, Consultant were present in support.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need to convert the rooms that are not adding beds; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Mr. Lammert recused.

Sumner Homecare and Hospice, LLC - (Gallatin, Sumner County) - Project No. CN0609-075

The construction of an eight (8)-bed residential hospice facility and the initiation of residential hospice services. An address has not been assigned to the site, which is located at the northeast corner of the intersection of US 31 E and Greenlea Boulevard in Gallatin, Tennessee 37066. Project Cost \$8,554,535.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Dianna L. Shipley, M.D., Halden Wayne Hooper, M.D. and Mark Foulke, Vice President, Sumner Regional Health Systems. Edwin W. Day, Consultant was present in support of the project.

Ms. Troy moved for approval of the project based on: 1) Need – There has been a demonstrated need; 2) Economic Feasibility – The project is economically feasible based on the support from the hospital; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Troy, Morris, Koella
NAY: None

Ms. Troy and Dr. Handorf recused.

The Regional Medical Center at Memphis (The Med) - (Memphis, Shelby County) - Project No. CN0609-081

The initiation of mobile lithotripsy services two (2) days per month on the hospital campus. The Med is licensed for 631 beds. This project will not initiate any other health services. The lithotripsy project does not contain any other major medical equipment and will not affect the licensed bed complement of the hospital. Project Cost \$570,956.00.

Heather Livingston, Director of Perioperative Surgery Services and Dr. Ishtaar Derweesh, Chairman, Department of Urology, UT School of Medicine addressed the Agency on behalf of the project. John L. Wellborn, Consultant was present in support of the project.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is evident from the projections of the practicing urologists whom are members of the UT Medical Group; 2) Economic Feasibility – The project is economically feasible with cash reserves available; and 3) The project does contribute to the orderly development of adequate and effective health care by allowing the patients to choose less invasive procedures and immediate services will be offered nearby for a tertiary care hospital. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Caldwell, Atchley, Lammert, Morris, Koella
NAY: None

North Side Specialty Replacement Hospital - (Johnson City, Washington County) - Project No. CN0609-078

To replace the existing acute care hospitals of North Side Hospital (95-acute care beds) located at 401 Princeton Road, Johnson City, TN and Johnson City Specialty Hospital (49 acute care beds) located at 203 E. Watauga Avenue, Johnson City, Tennessee with an eighty (80)-bed general medical/surgical hospital located at Med Tech Subdivision, Lot 21, Johnson City, Tennessee. The project will consolidate services from the two (2) sites. The project also seeks approval to initiate magnetic resonance imaging (MRI) services at the replacement hospital and to acquire one (1) MRI unit. No other major services will be initiated or discontinued. A concurrent application has been filed for the relocation of the remaining sixty-four (64) beds to Johnson City Medical Center located at 400 N. State of Franklin Road, Johnson City, Tennessee. The replacement facility will occupy 239,282 square feet. Project Cost \$121,724,587.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking in support were: Dennis Vonderfecht, President/CEO, Mountain States Health Alliance; Dr. Brian Dunkelberger; Dr. David Freemon, Johnson City Internal Medicine; Paul Stanton; Phillip Bangle, Dean, Quillen College; Byron Trauger, representing Wellmont Health Systems; and George James, Mayor of Washington County. Present in support were: Dr. William Walker, CVT Surgery, Mountain States Health Alliance; and Tony Benton, Asst. VP, Strategic Planning, Mountain States Health Alliance.

Mr. Atchley moved for approval of the project based on: 1) Need – The need is evident to consolidate the services of the facilities; 2) Economic Feasibility – The project is economically feasible and very strong; and 3) The project does contribute to the orderly development of adequate and effective health care in the area. The Certificate of Need is to expire in four (4) years. Mr. Koella seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Johnson City Medical Center - (Johnson City, Washington County) - Project No. CN0609-080

The relocation of sixty-four (64) licensed acute care beds from North Side Hospital located at 401 Princeton Road, Johnson City, Tennessee and Johnson City Specialty Hospital located at 203 E. Watauga Avenue, Johnson City, Tennessee to Johnson City Medical Center located at 400 N. State of Franklin Road, Johnson City, Tennessee. This application is being filed concurrently with the application for an eighty (80)-bed replacement hospital located at Med Tech Subdivision, Lot 21, Johnson City, Tennessee, which addresses the remaining beds from North Side Hospital and Johnson City Specialty Hospital. This application is also being filed concurrently with the application relocating the thirteen (13)-bed skilled nursing facility, Franklin Transitional Care, from Johnson City Medical Center to the James H. and Cecil C. Quillen Rehabilitation Hospital (licensed as a satellite hospital of Johnson City Medical Center) where 13 rehabilitation beds will be de-licensed. No new services will be initiated with the relocation of the 64 beds to Johnson City Medical Center and no medical equipment acquired. The final licensed bed complement of Johnson City Medical Center will increase from 585 to 636, a net increase of 51 beds (the additional 64 acute care beds at Johnson City Medical Center minus the 13 rehabilitation beds at Quillen Rehabilitation Hospital). The sixty-four (64) beds will occupy 30,000 square feet currently designated for observation patients and space vacated from previous projects. Project Cost \$163,962.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Present in support of the project were: Tony Benton, Assistant Vice President, Strategic Planning, Mountain States Health Alliance; Dennis Vonderfecht, Pres/CE, MSHA; Dr. David Freeman, Johnson City Internal Medicine; Dr. Brian Dunkelberger, Medical Center OB/GYN; and Dr. William Walker, CVT Surgery, Mountain States Health Alliance.

Mr. Atchley moved for approval of the project based on: 1) Need – The need is there to consolidate health care in this area. This project will definitely improve the situation at Johnson City Medical Center with their census being as high as it is with the addition of sixty-four (64) beds; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care with the consolidation. Dr. Handorf seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

Franklin Transitional Care - (Johnson City, Washington County) - Project No. CN0609-079

The relocation of thirteen (13) skilled nursing facility beds (SNF) from the existing location in Johnson City Medical Center located at 400 N. State of Franklin Road, Johnson City, Tennessee to a new location at James H. and Cecil C. Quillen Rehabilitation Hospital located 2511 Wesley Street, Johnson City, Tennessee. The relocation will result in thirteen (13) rehabilitation beds being de-licensed at the James H. and Cecil C. Quillen Rehabilitation Hospital. The project will occupy 8,140 square feet at the James H. and Cecil C. Quillen Rehabilitation Hospital. No new services will be initiated and no major medical equipment will be purchased. *These beds are not subject to the 125 nursing home bed pool. Project Cost \$10,450.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Dennis Vonderfecht, President/CEO, Mountain States Health Alliance and Melanie Stanton spoke on behalf of the project. Present in support of the project were: Dr. David Freeman, Johnson City Internal Medicine; Dr. Brian Dunkelberger, Med Ctr OB/GYN; Dr. William Walker, CVT Surgery, Mountain States Health Alliance; and Tony Benton, Assistant Vice President, Strategic Planning, Mountain States Health Alliance.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been amply established for the project; 2) Economic Feasibility – The project is economically feasible through funding from cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care in its relationship to the other two (2) projects discussed. Ms. Troy seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Caldwell, Atchley, Lammert, Troy, Morris, Koella
NAY: None

OTHER BUSINESS

Ms. Hill briefly reviewed changes to the draft Audit Charter. The draft will be submitted to the Comptroller's Office for further review and recommendations prior to submission to the Audit Committee in February.

CURRENT REPORTS

Statistical Reports

The reports were accepted into the record.

Finance, Ways and Means Committee Reports

The reports were accepted into the record.

Minutes

The minutes of the November 15, 2006, meeting [*with the following two (2) corrections made: 1) Audit Committee section to read that meetings will be held at the end of regularly scheduled Agency meetings 'as needed'; and 2) Ex officio members will be deleted*] were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab